

## Message Text

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ACTION PM-07

INFO OCT-01 EA-11 ISO-00 AID-20 IGA-02 CIAE-00 DODE-00

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SPC-03 SS-15 USIA-15 ACDA-19 IO-15 OMB-01 ABF-01

TRSE-00 EB-11 MC-02 DRC-01 /155 W

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9143

INFO CINCPAC

S E C R E T JAKARTA 12136

CINCPAC FOR POLAD

E.O. 11652: GDS 12/31/81

TAGS: MASS,ID

SUBJECT: STATUS OF FY 74 MILITARY ASSISTANCE FUNDING

REFS: A. STATE 200320 B. STATE 100342

1. INFORMATION CONTAINED REF A CONCERNING POSSIBILITY THAT MAP FOR INDONESIA IN FY 74 MIGHT, EXCEPT FOR TRAINING, BE "VIRTUALLY ENDED" CAME AS SHOCK PARTICULARLY SINCE I HAD UNDERSTOOD MILITARY ASSISTANCE LEGISLATION WOULD PROBABLY INDICATE, IF ONLY IN GENERAL TERMS, ASSISTANCE TO INDIVIDUAL COUNTRIES ON A LINE-ITEM BASIS (PARA 4 B REF B).

2. SHOULD MAP INDONESIA FOR FY 74 BE REDUCED TO OR NEAR VANISHING POINT WE MUST EXPECT HIGHLY NEGATIVE IMPACT ON USAINDONESIAN RELATIONS OVERALL AND ON OUR ABILITY TO CONTINUE IN FUTURE A MILITARY ASSISTANCE PROGRAM WHICH WILL SERVE THE OBJECTIVES OUTLINED IN THE PARA.

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3. UNHAPPINESS, DISILLUSIONMENT AND EVEN A FEELING OF

BETRAYAL WHICH GOI WILL FEEL SHOULD MAP FOR FY 74 BE REDUCED TO A NEGLIGIBLE FIGURE WILL BE HEIGHTENED, A) BY SUHARTO'S BELIEF THAT HE HAS COMMITMENT AT HIGHEST LEVEL FOR A\$25 MILLION PROVPGRAM OR AT LEAST SOMETHING AS NEAR TO THAT FIGURE AS USG CAN MANAGE, AND B) BY OUR INABILITY TO PROVIDE FOODSTUFFS UNDER PL 480 DESPITE WHAT INDONESIANS REGARD WITH SOME REASON AS PLEDGE TO DO SO. INDONESIANS RELY ON OUR SUPORT POLITICALLY AND PSYCHOLOGICALLY AS WELL AS MATERIALLY AND SUCH A DOUBLE-BARRELLED BLOW WILL ALMOST SURELY BE INTERPRETED BY GOI AS EVIDENCE THAT INDONESIA HAS FALLEN SHARPLY IN LIST OF U.S. PRIORITIES AND THAT U.S. IS UNABLE OR UNWILLING TO KEEP ITS COMMITMENTS. THIS WOULD BRING INTO QUESTION WHOLE BASIS OF THEIR STRATEGIC AND POLICY OUTLOOK. ADDITIONAL FACT THAT GOI HAS NOT IN ITS FY 73 (THROUGH 1 APRIL 1974) BUDGET PROVIDED FOR \$6.4 MILLION FOR OPERATIONS AND MAINTENANCE COSTS WHICH ARE PROGRAMMED AS MAP SUPPORT WILL SHARPEN ADVERSE IMPACT OF AN ELIMINATION OF FY 74 MAP. RECENT OFFER OF CONCESSIONAL SALE OF THREE DES SHOULD HELP SOMEWHAT TO SOFTEN THE BLOW, BUT REACTION WILL NONETHELESS BE SEVERE.

4. WE MUST EXPECT TO FEEL AFTERMATH OF INDONESIAN DISILLUSIONMENT IN ENTIRE SPECTRUM OF OUR RELATIONSHIP. THIS WOULD INCLUDE SUCH POSSIBILITIES AS LESSENER GOI INTEREST IN MAKING AVAILABLE TO U.S. A SHARE OF NORTH SUMATRAN LNG, IN OFFERING ASSISTANCE SHOULD AN ENERGY CRISIS ARISE, OR IN ARRIVING AT A RESOLUTION OF LAW OF THE SEA MATTERS ACCEPTABLE TO USG. IN VIEW PRSIDENT SUHARTO'S STRONG SENSE OF PERSONAL LOYALTIES, THERE IS SUBSTANTIAL RISK THAT HE MAY TAKE MAP CUT-OFF AS PERSONAL AFFRONT AND NEGATIVE IMPACT WOULD BE GREATLY MAGNIFIED.

5. IN THE NARROWER MILITARY FIELD, WE MUST EXPECT THAT ELIMINATION OF U.S. MAP WILL VIRTUALLY NEGATE THE U.S. OBJECTIVES SET FORTH IN NOT ONLY PARA, BUT JSOP, THE SAPOM AND NVFON DOCTRINE ITSELF. ADVERSE EFFECTS WILL NOT BE LIMITED TO MERELY DELAYING THE DEVELOPMENT OF INDONESIAN MILITARY FORCES CAPABLE OF MAINTAINING INTERNAL SECURITY AND SELF-DEFENSE. SERIOUS NEGATIVE EFFECT CAN BE EXPECTED

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IN OUR EFFORTS TO IMPROVE GOI MANAGEMENT IN FORCE PLANNING, PROGRAMMING, AND LOGISTICAL SUPPORT WHICH IS SO NECESSARY IF ANY DEGREE OF SELF-EFFICIENCY IS TO BE UXTAINED. IN THE ABSENCE OF GREATLY INCREASED MILITARY ASSISTANCE FROM OTHER FRIENDLY COUNTRIES (WHICH IS UNLIKELY), THE GOI WILL NECESSARILY BE ENCOURAGED TO GO OUT ON THE WORLD MARKET TO PURCHASE MILITARY HARDWARE IT FEELS IT MUST HAVE, WITH RESULTANT UNFORTUNATE EFFECTS

ON ITS PRESENT POLICY OF GIVING PRIMACY TO ECONOMIC DEVELOPMENT AND PERHAPS ON ITS RELATIONS WITH THE IGGI DONOR NATIONS, AT TIME WHEN ITS RESERVES BEING FURTHER STRAINED BY UNAVAILABILITY PL 480 AND PROGRAM AID AND NECESSITY OF MASSIVE IMPORTS OF RICE AT INFLATED WORLD PRICES.

6. I REALIZE ONE CANNOT GET BLOOD OUT OF A TURNIP, BUT I BELIEVE IT WILL COST THE U.S. MORE IN NEGATIVE EFFECT ON INDONESIA'S GOOD WILL AND DISPOSITION TO COOPERATE, IN LONG RUN, THAN RELATIVELY MODEST AMOUNTS WE ARE CONTRIBUTING UNDER MAP. I URGE EVERY EFFORT BE MADE TO AVOID FURTHER CUTS IN MAP INDONESIA WHICH IS ALREADY AT LEVEL UNDER CRA NEARLY 50 PERCENT BELOW WHAT INDONESIAN MILITARY PLANNERS HOPED WOULD BE AVAILABLE THROUGH 1978.  
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